



Utah Governor's Office *of* Economic Development

Exporting Basics: Seminar 1
January 27, 2010

- a) Why should your company export to international markets?
- b) Elements of an Export Strategy



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Discussion Subjects

1. Introduction: Why export?
2. Developing an export strategy: determining whether your product will sell internationally.



Exporting is good for business

- **2005: 232,600 SMEs exported to at least one international market (3% increase over 2004).**
- **2006: The value of total U.S. goods and services exported grew 13% (over \$1.4 trillion).**
- **2008: Utah grew exports from \$1.4 billion in 2004 to \$10.3 billion in 2008.**



International business is easy

- Leverage your existing sales platform
 1. Web page: your access to international customers (marketing and order taking).
 2. Add credit card capability or PayPal.
 3. Translate into target market language.
- Online marketplaces (eCrater.com; uBid.com; AliBaba.com, etc.)
- Shippers: the key to delivering your products; product registration; international business advice; custom broker services, financing, etc.
- Trade Shows: more potential customers and sales channels (there are international trade shows hosted in the U.S.)



Where should we export?

- Free Trade Agreements: The United States has free trade agreements (FTAs) in effect with 17 countries. Many of our FTAs are bilateral agreements between two governments. But some, like the North American Free Trade Agreement and the Dominican Republic-Central America-United States Free Trade Agreement, are multilateral agreements among several parties.
- Out of the seventeen countries that the U.S. has FTA's, 10 of them are in the Americas.
- Ask private consultants, state international trade office, federal international trade office, . . . Just not your Mom unless her name is Carly Fiorina



Exporting Data

	<u>2008</u>	<u>2009</u>
YTD Utah Exports to Europe	4,436,279,464.00	4,563,996,786.00
YTD Utah Exports to Asia	3,330,608,002.00	2,858,053,349.00
YTD Utah Exports to the Americas	1,422,188,962.00	1,374,260,336.00
YTD Total Utah Exports	9,614,939,990.00	9,227,432,436.00



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Business Plan: Develop an Export Strategy

- **What is your company's export potential?**
 1. Domestic Sales
 2. Uniqueness of product
 3. Recession sales: downtrend in domestic sales? Export markets are an opportunity.

➤ Need, quality, utility, innovation, service and consumer taste = competitive advantage
- **Management Buy-In**
 1. Executive management must agree that exporting is the right strategy and have earmarked funds for exporting activities.
 2. Allocation of resources: added demands of international business on key resources.
 3. Prepare to make modifications to products and services to fit the market as well as provide training and after-sales support /service.



Export Strategy

- For a more in-depth export readiness assessments:
 1. <http://www.citd.org/StartupKit/eras/index.cfm>
 2. http://hq-intranet04.ita.doc.gov/bid/export_questionnaire.asp
 3. <http://www.rockymountainbusiness.com/ibresources/assessment.asp>
 4. <http://www.wtcut.com/>



Management Issues in Exporting Decision

- **Objectives**

1. Reasons for pursuing exporting: increasing sales volume, broader customer base, learning how to dance tango, samba, or salsa.
2. Top management committed? Quick fix for sales decline in U.S. market?

- **Personnel**

1. In-house international experience (int'l sales exp. and language capabilities)
2. Senior management: time allocation
3. Organizational structure: who supports int'l customers
4. Follow-through: the weak link



Management Issues

- Production Capacity
 1. Analyze existing production capacity
 2. Impact of additional sales in export markets
 3. Additional costs: capital expenditures
 4. Production trends: seasonal issues, fluctuations, etc.
 5. Cost of translating labels, product registration, VAT%, local marketing, packaging



Management Issues

- Financial Considerations
 1. Lead times: realistic expectations
 2. Relationship building budgets
 3. Operational Costs of export department
 4. Initial expense allocation
 5. Too much, too soon: are other development plans in the works that might compete for financial and operational resources?
 6. Set realistic ROI timelines



FGS: Develop an Export Plan

- Develop broad team consensus, especially with key management
- Set realistic goals, objectives, capabilities, and constraints (SWOT)
- Create an action plan to take all the elements into account.
- 10 Questions to be addressed



Sample Outline for Export Plan

- Executive Summary (1-2 page max.)
- Intro: why should my company export?
- Management Commitment Statement
- Market Analysis (involves internal and external factors)
- Marketing Component
- Tactics
- Implementation Schedule
- CAVEAT: too much planning



Topics to be discussed in seminars

1. **Seminar #2: February 24**

- Developing a Marketing Plan
- Export Resources
- Methods and Channels

2. **Seminar #3: March 24**

- Finding Qualified Buyers
- Using Technology Licensing and Joint Venture

3. **Seminar #4: April 21**

- Operational Considerations for exporting your product.
- Exporting Services



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